

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION BY)	ORDER OF ASSESSMENT
TRANSCANADA KEYSTONE PIPELINE, LP)	OF FILING FEE; ORDER
FOR A PERMIT UNDER THE SOUTH DAKOTA)	APPROVING NOTIFICATION
ENERGY CONVERSION AND TRANSMISSION)	OF LANDOWNERS; AND
FACILITIES ACT TO CONSTRUCT THE)	ORDER APPROVING
KEYSTONE PIPELINE PROJECT)	LOCATIONS AND TIMES OF
)	PUBLIC HEARINGS
)	HP07-001

On April 27, 2007, TransCanada Keystone Pipeline, LP, (Keystone) filed a siting permit application for the South Dakota portion of the Keystone Pipeline Project (Project). The Project will transport crude oil starting in Hardisty, Alberta, Canada and ending in Patoka, Illinois. The proposed 30 inch diameter pipeline will have a nominal capacity of 435,000 barrels of oil per day (bpd) with a possible expansion to 591,000 bpd. The proposed route will enter South Dakota at the North Dakota/South Dakota border in Marshall County and extend in a southerly direction, exiting the state at the South Dakota/Nebraska border in Yankton County. The length of the pipeline in South Dakota will be approximately 220 miles and it will cross the counties of Marshall, Day, Clark, Beadle, Kingsbury, Miner, Hanson, McCook, Hutchinson and Yankton. The Project also includes four pump stations in South Dakota located in Day, Beadle, Miner and Hutchinson counties along with 15 mainline valves with an average spacing of 15 miles between valves.

On May 3, 2007, the Commission electronically transmitted notice of the filing and the intervention deadline of June 26, 2007, to interested individuals and entities.

SDCL 49-41B-12 authorizes the Commission to assess a maximum fee not to exceed one-quarter of one percent of the first one hundred million dollars of estimated construction costs, and may not exceed one-twentieth of one percent of all additional estimated construction costs of the facility. However, the minimum total deposit chargeable may not be less than eight thousand dollars. The fee shall be deposited in the South Dakota Public Utilities Commission's (SDPUC) regulatory assessment fee fund to defray Commission expenses incident to analyzing and ruling upon this type of filing.

The Commission asserts jurisdiction over this matter pursuant to SDCL Chapter 49-41B, specifically 49-41B-1, 49-41B-2, 49-41B-2.1, 49-41B-4, 49-41B-11, 49-41B-12, 49-41B-13, 49-41B-15, 49-41B-16, 49-41B-17, 49-41B-17.1, 49-41B-21, 49-41B-22, 49-41B-26, 49-41B-33, 49-41B-38, and ARSD Chapter 20:10:22.

On May 8, 2007, at its regularly scheduled meeting, the Commission, pursuant to SDCL 49-41B-12, unanimously voted to assess Keystone a filing fee not to exceed \$351,100, with an initial deposit of \$8,000, the minimum deposit allowed by law and such additional deposits up to the maximum fee as requested by the Deputy Executive Director. The Commission considered the notification process for notifying landowners involved in this project and also considered locations and times for public hearings. The Commission unanimously voted to approve the notification process that was proposed by Keystone and agreed to by staff, finding that such procedure is sufficient to satisfy the notice requirement of SDCL 49-41B-15(3) and is prudent given the notice time constraints. Under this process, Keystone will obtain the lists of landowners of properties within one-half mile of the facility from the county director of equalization office for each affected county.

Keystone will submit these lists to the Commission. The Commission will then send the notice of hearing to all landowners on the lists, together with a cover letter explaining that notice is being given to the landowner to whom notices of property tax assessments are sent and that it is the responsibility of the landowner receiving the notice to notify any co-owners of the property. The Commission also unanimously voted to hold public hearings in four locations fairly evenly spaced along the project route and during the time frame proposed by staff and empowered the Executive Director to make amendments to those locations and times, as necessary. It is therefore

ORDERED, that Keystone shall be assessed a filing fee of not to exceed \$351,100. It is further

ORDERED, that Keystone shall make an initial deposit in the SDPUC regulatory assessment fee fund in the amount of the minimum deposit of \$8,000 and shall from time to time make such additional deposits up to the total amount of the assessment as requested by the Deputy Executive Director. It is further

ORDERED, that the notification process for notifying landowners involved in this project as described above is hereby approved. It is further

ORDERED, that the locations and times for the public hearings are hereby approved, subject to amendments made by the Executive Director, as necessary.

Dated at Pierre, South Dakota, this 25th day of May, 2007.

<p align="center">CERTIFICATE OF SERVICE</p> <p>The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, electronically.</p> <p>By: <u><i>Nelaine Kalbo</i></u></p> <p>Date: <u>5/25/07</u></p> <p align="center">(OFFICIAL SEAL)</p>
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BY ORDER OF THE COMMISSION:

Dustin M. Johnson
DUSTIN M. JOHNSON, Chairman

Gary Hanson
GARY HANSON, Commissioner

Steve Kolbeck
STEVE KOLBECK, Commissioner